

# Customer Review #2

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR SCHEDULING COORDINATOR SERVICES  
WITH  
(CUSTOMER)

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR SCHEDULING COORDINATOR SERVICES  
WITH  
(CUSTOMER)

<u>Section</u>	<u>Table of Contents</u>	<u>Page</u>
1.	PREAMBLE.....	1
2.	EXPLANATORY RECITALS.....	1
3.	AGREEMENT.....	2
4.	EFFECTIVE DATE AND TERM OF CONTRACT.....	2
5.	DEFINITION OF TERMS.....	3
6.	SCHEDULING COORDINATOR SERVICES PROVIDED BY WESTERN.....	4
7.	TRANSMISSION ORGANIZATIONS.....	5
8.	SCHEDULE OF RATES.....	6
[9.	REIMBURSABLE FINANCING.....	6]
10.	CREDITWORTHINESS.....	7
11.	ADVANCE FUNDING BY (CUSTOMER).....	7
12.	DIRECT PAYMENT OF SCHEDULING COORDINATOR THIRD PARTY COSTS.....	10
13.	DEFAULT PROVISIONS.....	10
14.	INDEMNIFICATION AND LIABILITY.....	11
15.	BUSINESS PROTOCOLS.....	11
16.	ENFORCEABILITY.....	11
17.	GENERAL POWER CONTRACT PROVISIONS.....	12

SIGNATURE CLAUSE  
SCHEDULE OF RATE FOR POWER SCHEDULING COORDINATOR  
(Not available at this time)  
GENERAL POWER CONTRACT PROVISIONS

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR SCHEDULING COORDINATOR SERVICES  
WITH  
(CUSTOMER)

1. **PREAMBLE:** This Contract is made this \_\_\_\_\_ day of \_\_\_\_\_, 2003, pursuant to the Acts of Congress approved June 17, 1902, (32 Stat. 388); August 26, 1937, (50 Stat. 844); August 4, 1939, (53 Stat. 1187); and August 4, 1977, (91 Stat. 565); and Acts amendatory or supplementary to the foregoing Acts; between the UNITED STATES OF AMERICA (United States), acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called Western, represented by the officer executing this Contract, or a duly appointed successor, hereinafter called the Contracting Officer; and the \_\_\_\_\_, a \_\_\_\_\_, hereinafter called the Contractor or (CUSTOMER), its successors and assigns; each sometimes hereinafter individually called the Party, and both sometimes hereinafter collectively called the Parties.

2. **EXPLANATORY RECITALS:**

2.1 Western markets the surplus generation from, and operates a high-voltage transmission system as a part of, the Central Valley Project (CVP).

1 2.2 On June 25, 1999, Western's final 2004 Power Marketing Plan (Marketing  
2 Plan) was published in the Federal Register (64 FR 34417). The Marketing Plan  
3 sets forth how Western's Sierra Nevada Region will market the power generated  
4 from the CVP and Washoe Project.

5  
6 2.3 Pursuant to the Marketing Plan, Western executed Base Resource  
7 Contract (contract #) (Base Resource Contract) with (Customer) on (date of  
8 execution).

9  
10 2.4 Under the Base Resource Contract, Western requires, among other  
11 things, that all Western power be scheduled in accordance with the applicable  
12 control area operator requirements, and that each customer in the ISO control  
13 area must designate a certified Scheduling Coordinator.

14  
15 2.5 (Customer) has requested that Western provide Scheduling Coordinator  
16 services as specified herein, and Western is willing to provide such services to  
17 (Customer) under the terms and conditions of this Contract.

18  
19 3. **AGREEMENT:**

20 The Parties agree to the terms and conditions set forth herein.

21  
22 4. **EFFECTIVE DATE AND TERM OF CONTRACT:**

23 4.1 This Contract shall become effective on September 1, 2004, and shall  
24 remain in effect until midnight of September 30, 2010.

25  
26 4.2 The date of initial service under this Contract is January 1, 2005.  
27  
28

1 4.3 Either Party may terminate this Contract by giving the other Party a three  
2 (3) month advance written notice of the requested termination date. Either Party  
3 may also terminate this Contract pursuant to Section 7 herein.  
4

5 4.4 Western may terminate this Contract pursuant to Section 13 herein.  
6

7 4.5 All obligations incurred hereunder shall be preserved until satisfied.  
8

9 5. **DEFINITION OF TERMS:**

10 As used herein, the following terms whether singular or plural, or used with or without  
11 initial capitalization, shall have the following meanings:

12 5.1 "Base Resource" means CVP and Washoe Project power output, as  
13 determined by Western to be available for marketing, after (1) meeting the  
14 requirements of Project Use and First Preference Customers, and (2) any other  
15 adjustments required for maintenance, regulation, reserves, transformation  
16 losses, and ancillary services.  
17

18 5.2 "Central Valley Project" means the multipurpose Federal water and power  
19 project extending from the Cascade Range in northern California to the plains  
20 along the Kern River, south of the City of Bakersfield.  
21

22 5.3 "Customer" means an entity that is qualified under Reclamation law to  
23 receive Western Power and has a Base Resource Contract with Western.  
24

25 5.4 "ISO" means the California Independent System Operator or its  
26 successor.  
27  
28

1 5.5 "ISO Tariff" means the California Independent System Operator  
2 Agreement and Tariff, dated March 31, 1997, as it may be modified or amended  
3 from time-to-time.

4  
5 5.6 "Portfolio Manager" means an entity responsible for determining balanced  
6 hourly load and resource schedules for a customer

7  
8 5.7 "Scheduling Coordinator" means an entity that is responsible for providing  
9 hourly load and resource schedules to the control area operator, in accordance  
10 with a Federal Energy Regulatory Commission-approved tariff.  
11

12 6. **SCHEDULING COORDINATOR SERVICES PROVIDED BY WESTERN:**

13 6.1 (Customer) hereby authorizes Western to act as its Scheduling  
14 Coordinator and Western shall be responsible for all obligations and duties of a  
15 Scheduling Coordinator on behalf of (Customer) pursuant to the ISO Tariff.  
16

17 6.2 Western shall use data or information provided by (Customer)'s Portfolio  
18 Manager and submit day ahead schedules to the ISO, in accordance with the  
19 ISO Tariff, for (Customer)'s load. In the event that (Customer)'s Portfolio  
20 Manager does not provide Western with day ahead schedules in accordance with  
21 the ISO Tariff or information, in a timely manner, prior to the time Western  
22 submits day ahead schedules to the ISO, Western will not submit a day ahead  
23 schedule on (Customer)'s behalf.  
24

25 6.3 Western is under no obligation to submit a schedule to the ISO, if it is not  
26 in accordance with the ISO Tariff.  
27  
28

1 6.4 Pursuant to the ISO Tariff, (Customer)'s Portfolio Manager may request an  
2 adjustment to (Customer)'s day ahead schedule in the hour ahead market, and  
3 Western shall make the adjustment with the ISO; Provided, That, Western  
4 receives all information necessary to accommodate the adjustment in a timely  
5 manner; Provided Further, That the requested adjustment does not conflict with  
6 existing contractual arrangements between the Parties or the ISO Tariff.

7  
8 6.5 Western shall receive, validate, and disseminate ISO data and settlement  
9 information to (Customer) or its designated representative.

10  
11 6.6 On a monthly basis, Western will develop and transmit statements to  
12 (Customer) with a breakdown of its ISO charges and credits, and any related  
13 costs.

14  
15 6.7 Western shall dispute those ISO charges related to (Customer)'s ISO  
16 transactions that it determines disputable under the ISO Tariff. If (Customer)  
17 requests that Western dispute an ISO charge(s), Western shall initiate a dispute;  
18 Provided, That, Western agrees that such charge(s) is not appropriate and are  
19 disputable under the ISO Tariff.

20  
21 6.8 Western may provide additional Scheduling Coordinator related services  
22 as mutually agreed to by the Parties.

23  
24 7. **TRANSMISSION ORGANIZATIONS:**

25 The Parties understand that Western may participate in a transmission organization  
26 and/or a control area. In the event Western either participates or is required to conform  
27 to the protocols of a transmission organization and/or a control area, the Parties agree  
28 that Western may make any changes necessary to this Contract to conform to the

1 protocols. If (Customer) does not agree with the protocol changes reflected in a  
2 revision to this Contract, it may terminate this Contract by providing a one-month written  
3 notice to Western. If Western is not able to conform to the protocols, it may terminate  
4 this Contract by providing a one-month written notice to (Customer).

5  
6 **8. SCHEDULE OF RATES:**

7 (Customer) shall pay for the Scheduling Coordinator services provided herein in  
8 accordance with the rates, charges, and conditions set out in the Schedule of Rates for  
9 Schedule Coordinator services (\_\_\_\_\_), attached hereto and made a part hereof.  
10 Such rate schedule may be modified from time to time in accordance with the General  
11 Power Contract Provisions (GPCP).

12  
13 **[9. REIMBURSABLE FINANCING: Applicable to Federal Customers only**

14 9.1 Western may purchase power or provide other services using  
15 reimbursable authority pursuant to the Economy Act, 31 U.S.C. 1535.  
16 Reimbursable financing establishes the budgetary resource to fund Western's  
17 reimbursable financing program. Western's reimbursable authority shall not  
18 exceed the fiscal year (presently October 1<sup>st</sup> of the current calendar year through  
19 September 30<sup>th</sup> of the following calendar year) estimated costs related to power  
20 and other services provided by Western. The amount of reimbursable financing  
21 ability created is limited to the total value of the actual purchase made by FLS  
22 from Western and the actual cost of other services provided by Western.

23  
24 9.2 Each February 1<sup>st</sup>, (Customer) shall provide written notification to Western  
25 of its budgeted appropriations, or forecasted plan for budget requests for power  
26 and other services provided by Western, for the upcoming fiscal year.  
27 (Customer) shall inform Western of any major changes to the forecasted  
28 budgeted authority.



1 9.3 (Customer) will obligate or otherwise commit the value of its estimated  
2 power purchases and estimated cost of other services to be provided by Western  
3 in a manner that is standard for the agency for the fiscal year.  
4

5 9.4 Each monthly power bill issued by Western to (Customer) will contain a  
6 designation of the portion of such bill that will be created to Western's  
7 reimbursable account. The Parties may agree to use the Federal Online  
8 Payment and Collection system for payments under this Interagency  
9 Agreement.]]

10  
11 10. **CREDITWORTHINESS: Not applicable to Federal Customers**

12 For the purpose of determining the ability of (Customer) to meet its obligations related to  
13 service hereunder, Western may require reasonable credit review procedures. In  
14 addition, Western may require (Customer) to:

15 10.1 Provide and keep in effect during the term of this Contract, an  
16 unconditional and irrevocable letter of credit as security to meet its  
17 responsibilities and obligations under this Contract; or

18  
19 10.2 Provide an alternate form of security, acceptable to Western.  
20

21 11. **ADVANCE FUNDING BY (CUSTOMER): Not applicable to Federal**  
22 **Customers**

23 Unless otherwise agreed to by the Parties, the following advance funding language shall  
24 apply. Any alternative method of funding shall be set forth in a separate contractual  
25 agreement.  
26  
27  
28

1 11.1 Western may use advanced funds to pay for all of the third party charges  
2 associated with the Scheduling Coordinator services provided under this  
3 Contract as necessary.  
4

5 11.2 Western will estimate the initial amount of funds required, and (Customer)  
6 shall deposit that amount into a Western trust account. The estimate for the  
7 advance shall be based on three (3) months of third party costs that Western  
8 anticipates incurring when providing Scheduling Coordinator services to  
9 (Customer).  
10

11 11.3 Western shall send a bill for collection for the initial advance funding  
12 amount, as determined pursuant to Section 11.2, in September 2004. Such bill  
13 shall be due on the date as specified on the bill for collection. Thereafter, billing  
14 will resume in January 2005.  
15

16 11.4 (Customer) shall be required to retain a trust account balance of at least  
17 three (3) months' of estimated third party Scheduling Coordinator costs. Western  
18 shall monitor the trust account balance and, if, at any time, Western determines  
19 that:

20 11.4.1 There are not sufficient funds in the trust account, Western shall  
21 notify (Customer), and (Customer) shall advance the requested amount of  
22 funds to Western within ten (10) days; or  
23

24 11.4.2 There are significantly excessive funds in the trust account,  
25 Western will reduce the following month's advance funding amount or  
26 return the difference to (Customer), at the sole discretion of Western.  
27  
28

1 11.5 Funds that (Customer) advances to Western for third party Scheduling  
2 Coordinator costs shall be sent via wire transfer in accordance with the  
3 information included on the Western bill for collection or as Western otherwise  
4 directs.

5  
6 11.6 On a monthly basis, Western will provide (Customer) with:

7 11.6.1 A statement of the transactions that were posted to the trust  
8 account during the previous month, and the end-of-month balance in the  
9 account.

10  
11 11.6.2 A bill for collection to (Customer) for the costs that Western may  
12 incur when providing Scheduling Coordinator services for the following  
13 month; and

14  
15 11.6.3 An electric service bill that may reflect Scheduling Coordinator  
16 costs for the previous month and any credits for advanced payments  
17 made in the previous month.

18  
19 11.7 Western shall be under no obligation to provide service hereunder without  
20 (Customer) advancing sufficient funds and said funds being available in the  
21 Western trust account described herein.

22  
23 11.8 Western will return any remaining funds, without interest, to (Customer)  
24 within sixty (60) days of termination of this Contract.

12. **DIRECT PAYMENT OF SCHEDULING COORDINATOR THIRD PARTY**

**COSTS:**

If directed by Western, (Customer) shall pay its monthly Scheduling Coordinator third party costs directly to the control area operator. In this situation, Western will notify (Customer) of the monthly billing amount, and (Customer) shall pay this amount three (3) days prior to the actual due date. Early payment is necessary so Western has the ability to make payment to the control area operator, from the account established pursuant to Section 11, should (Customer) default on its payment. If (Customer) pays the control area operator directly for its Western Scheduling Coordinator third party costs, Western will not require that (Customer) make monthly advances for such costs, as set forth in Section 11.6.

13. **DEFAULT PROVISIONS:**

13.1 The failure of (Customer) to perform any of its obligations under this Contract shall constitute a default. If Western determines (Customer) to be in default, Western shall notify (Customer). (Customer) shall have seven (7) days to cure said default before Western discontinues service under this Contract.

13.2 If (Customer) is determined to be in default and does not cure such default, Western shall have the right to terminate this Contract, and assess damages, as follows:

13.2.1 Western will promptly calculate the damages associated with the default. As soon as practical, Western will provide notice to (Customer) of the amount of the damages. Payment for the damages shall be made by (Customer) to Western within ten (10) business days after such notice is received.

1 13.2.2 If Western's aggregate gains exceed its aggregate losses  
2 and costs, Western, after any set-off, shall make no payment to  
3 (Customer) and, notwithstanding anything in this Contract to the contrary,  
4 the amount by which such gain exceeds the losses and costs for the  
5 purposes of this Contract shall be zero (0).  
6

7 **14. INDEMNIFICATION AND LIABILITY:**

8 (Customer) shall at all times indemnify, defend, and save Western harmless from, any  
9 and all damages, losses, claims and actions relating to injury to or death of any person  
10 or damage to property, demands, suits, recoveries, costs, and expenses, court costs,  
11 attorneys fees, and all other obligations by or to third parties, arising out of or resulting  
12 from Western's performance of its obligations under this Contract on behalf of  
13 (Customer), except in cases of negligence or intentional wrongdoing by Western.  
14 Western's liability shall be determined in accordance with the provisions of the Federal  
15 Tort Claims Act, as amended.  
16

17 **15. BUSINESS PROTOCOLS:**

18 Western reserves the right to make process or procedural improvements in order to  
19 efficiently and effectively administer this Contract as needed.  
20

21 **16. ENFORCEABILITY:**

22 It is not the intent of the Parties that this Contract confer any rights on third parties to  
23 enforce the provisions of this Contract except as required by law or express provision in  
24 this Contract. Except as provided in this Section 16, this Contract may be enforced, or  
25 caused to be enforced, only by Western or (CUSTOMER), or their successors or  
26 assigns.  
27  
28

17. **GENERAL POWER CONTRACT PROVISIONS:**

The GPCP, effective July 10, 1998, attached hereto, are hereby made a part of this Contract, the same as if they had been expressly set forth herein.

**IN WITNESS WHEREOF**, the Parties have caused this Contract to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By: \_\_\_\_\_

Title: Power Marketing Manager

Address: 114 Parkshore Drive

Folsom, CA 95630-4710

(CUSTOMER)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

DRAFT